



General Assembly

Substitute Bill No. 5254

February Session, 2014



**AN ACT CONCERNING THE LEGISLATIVE COMMISSIONERS'
RECOMMENDATIONS FOR TECHNICAL AND MINOR CHANGES TO
THE INSURANCE STATUTES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-90a of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2014*):

3 As used in sections 38a-90 to 38a-90h, inclusive:

4 [(a)] (1) "Actuary" means a person who is a member in good
5 standing of the American Academy of Actuaries.

6 [(b)] (2) (A) "Managing general agent" means any person, firm,
7 association or corporation who manages all or part of the insurance
8 business of an insurer, including the management of a separate
9 division, department or underwriting office and acts as an agent for
10 such insurer whether known as a managing general agent, manager or
11 other similar term, who, with or without the authority, either
12 separately or together with affiliates, produces, directly or indirectly,
13 and underwrites an amount of gross direct written premium which is
14 equal to or more than five per cent of the policyholder surplus as
15 reported in the last annual statement of the insurer in any one quarter
16 or year together with one or more of the following activities related to
17 the business produced: [(1)] (i) Adjusts or pays claims in excess of an

18 amount determined by the commissioner; [, or (2)] or (ii) negotiates
19 reinsurance on behalf of the insurer.

20 (B) Notwithstanding [the above] subparagraph (A) of this
21 subdivision, the following persons shall not be considered as
22 managing general agents for the purposes of sections 38a-90 to 38a-
23 90h, inclusive: [(A)] (i) Any employee of the insurer; [(B)] (ii) a United
24 States manager of the United States branch of an alien insurer, as
25 defined in section 38a-1; [(C)] (iii) an underwriting manager [which]
26 who, pursuant to contract, manages all or part of the insurance
27 operations of the insurer, is under common control with the insurer,
28 subject to the Holding Company Regulatory Act, and whose
29 compensation is not based on the volume of premiums written; and
30 [(D)] (iv) the attorney-in-fact authorized by and acting for the
31 subscribers of a reciprocal insurer or interinsurance exchange under
32 powers of attorney.

33 [(c)] (3) "Underwrite" means the authority to accept or reject risk on
34 behalf of the insurer.

35 Sec. 2. Subsection (f) of section 38a-90d of the general statutes is
36 repealed and the following is substituted in lieu thereof (*Effective*
37 *October 1, 2014*):

38 (f) An insurer shall review its books and records each quarter to
39 determine if any agent has become, by operation of [subsection (b)]
40 subdivision (2) of section 38a-90a, as amended by this act, a managing
41 general agent. If the insurer determines that an agent has become a
42 managing general agent, the insurer shall promptly notify the agent of
43 such determination and the insurer and agent [must] shall fully
44 comply with the provisions of sections 38a-90 to 38a-90h, inclusive,
45 [within] not later than thirty days after such determination.

46 Sec. 3. Section 38a-216 of the general statutes is repealed and the
47 following is substituted in lieu thereof (*Effective October 1, 2014*):

48 A medical association desiring to form a medical service

49 corporation may incorporate under the general laws of the state
50 governing corporations, but subject to the following provisions: [(a)]
51 (1) The certificate of incorporation of each such corporation shall have
52 endorsed thereon, or attached thereto, the consent of the Insurance
53 Commissioner, if [he] the commissioner finds the same to be in
54 accordance with sections 38a-214 to 38a-225, inclusive, as amended by
55 this act, and in the public interest, provided security guaranteeing the
56 performance of the obligations of such corporation shall be furnished
57 in form and amount, not less than five thousand dollars, as the
58 commissioner determines; and [(b)] (2) such certificate shall include a
59 statement of the territory in which the corporation will operate, the
60 services to be rendered by the corporation and the rates currently to be
61 charged therefor and shall be accompanied by two copies of the
62 contract [which] that the corporation proposes to make with the
63 subscribers. Such corporation shall include in its bylaws provision for
64 the election of at least three of its policyholders to its board of directors
65 by its members, and failure to include such a provision in such bylaws
66 or to abide by such provision shall be grounds for disapproval by the
67 Insurance Commissioner of any contract it may enter into during the
68 period of such noncompliance.

69 Sec. 4. Section 38a-601 of the general statutes is repealed and the
70 following is substituted in lieu thereof (*Effective October 1, 2014*):

71 No foreign or alien society shall transact business in this state
72 without a license issued by the commissioner. Any such society may
73 be licensed to transact business in this state upon filing with the
74 commissioner: [(a)] (1) A certified copy of its charter or articles of
75 incorporation; [(b)] (2) a copy of its constitution and laws, certified by
76 its secretary or corresponding officer; [(c)] (3) a power of attorney
77 appointing the commissioner as its agent for service of process as
78 prescribed in section 38a-25; [(d)] (4) a statement of its business under
79 oath of its president and secretary or corresponding officers in a form
80 prescribed by the commissioner, verified by an examination made by
81 the supervising insurance official of its home state or other state,

82 territory, province or country, satisfactory to the Insurance
83 Commissioner of this state; [(e)] (5) a certificate from the proper official
84 of its home state, territory, province or country that the society is
85 legally incorporated and licensed to transact business therein; [(f)] (6)
86 copies of its certificate forms; and [(g)] (7) such other information as he
87 deems necessary; and upon a showing that its assets are invested in
88 accordance with the provisions of sections 38a-595 to 38a-626,
89 inclusive, 38a-631 to 38a-640, inclusive, and 38a-800. Any foreign or
90 alien society desiring admission to this state shall have the
91 qualifications required of domestic societies organized under said
92 sections.

93 Sec. 5. Section 38a-603 of the general statutes is repealed and the
94 following is substituted in lieu thereof (*Effective October 1, 2014*):

95 When the commissioner upon investigation finds that a foreign or
96 alien society transacting or applying to transact business in this state:
97 [(a)] (1) Has exceeded its powers; [(b)] (2) has failed to comply with
98 any of the provisions of sections 38a-595 to 38a-626, inclusive, 38a-631
99 to 38a-640, inclusive, and 38a-800; [(c)] (3) is not fulfilling its contracts
100 in good faith; or [(d)] (4) is conducting its business fraudulently or in a
101 manner hazardous to its members or creditors or the public, he shall
102 notify the society of his findings, state in writing the reasons for his
103 dissatisfaction and require the society to show cause on a date named
104 why its license should not be suspended, revoked or refused. If on
105 such date the society does not present good and sufficient reason why
106 its authority to do business in this state should not be suspended,
107 revoked or refused, he may suspend or refuse the license of the society
108 to do business in this state until satisfactory evidence is furnished to
109 him that such suspension or refusal should be withdrawn or he may
110 revoke the authority of the society to do business in this state. Nothing
111 contained in this section shall be taken or construed as preventing any
112 such society from continuing in good faith all contracts made in this
113 state during the time such society was legally authorized to transact
114 business herein.

115 Sec. 6. Section 38a-976 of the general statutes is repealed and the
116 following is substituted in lieu thereof (*Effective October 1, 2014*):

117 As used in sections 38a-975 to 38a-998, inclusive:

118 [(a)] (1) "Adverse underwriting decisions" means:

119 [(1)] (A) Any of the following actions with respect to insurance
120 transactions involving insurance coverage [which] that is individually
121 underwritten: [(A)] (i) A declination or termination of insurance
122 coverage; [, (B)] (ii) failure of an agent to apply for insurance coverage
123 with a specific insurance institution which the agent represents and
124 which is requested by an applicant; [, (C)] (iii) in the case of a property
125 or casualty insurance coverage, [(i)] (I) placement by an insurance
126 institution or agent of a risk with a residual market mechanism, an
127 unauthorized insurer or an insurance institution which specializes in
128 substandard risks, [(ii)] (II) the charging of a higher rate on the basis of
129 information which differs from that which the applicant or
130 policyholder furnished; or [(iii)] (III) changing a risk from a preferred
131 rate program to a standard rate program or from a standard rate
132 program to a nonstandard rate program within the same company or
133 between two companies in the same group; and [(D)] (iv) in the case of
134 a life, health or disability insurance coverage, an offer to insure at
135 higher than standard rates.

136 [(2)] (B) Notwithstanding the provisions of [subdivision (1) of this
137 subsection] subparagraph (A) of this subdivision, the following actions
138 shall not be considered adverse underwriting decisions: [(A)] (i) The
139 termination of an individual policy form on a class or state-wide basis;
140 [, (B)] (ii) a declination of insurance coverage solely because such
141 coverage is not available on a class or state-wide basis; [, or (C)] or (iii)
142 the rescission of a policy.

143 [(b)] (2) "Affiliate" or "affiliated" has the same meaning [assigned to
144 it] as provided in section 38a-1.

145 [(c)] (3) "Agent" [shall have] has the same meaning as "insurance

146 producer", as defined in section 38a-702a.

147 [(d)] (4) "Applicant" means any person who seeks to contract for
148 insurance coverage other than a person seeking group insurance that is
149 not individually underwritten.

150 [(e)] (5) "Commissioner" means the Insurance Commissioner.

151 [(f)] (6) "Consumer report" means any written, oral or other
152 communication of information bearing on an individual's credit
153 worthiness, credit standing, credit capacity, character, general
154 reputation, personal characteristics or mode of living which is used or
155 expected to be used in connection with an insurance transaction.

156 [(g)] (7) "Consumer reporting agency" means any person who: [(1)]
157 (A) Regularly engages, in whole or in part, in the practice of
158 assembling or preparing consumer reports for a fee; [, (2)] (B) obtains
159 information primarily from sources other than insurance institutions; [,
160 and (3)] and (C) furnishes consumer reports to other persons.

161 [(h)] (8) "Control", including the terms "controlled by" or "under
162 common control with", has the same meaning [assigned to it] as
163 provided in section 38a-1.

164 [(i)] (9) "Declination of insurance coverage" means a denial, in whole
165 or in part, by an insurance institution or agent, of requested insurance
166 coverage.

167 [(j)] (10) "Individual" means any person who: [(1)] (A) In the case of
168 property or casualty insurance, is a past, present or proposed named
169 insured or certificate holder; [(2)] (B) in the case of life, health or
170 disability insurance, is a past, present or proposed principal insured or
171 certificate holder; [(3)] (C) is a past, present or proposed policyowner;
172 [(4)] (D) is a past or present applicant or claimant; or [(5)] (E) derived,
173 derives or is proposed to derive insurance coverage under an
174 insurance policy or certificate subject to sections 38a-975 to 38a-998,
175 inclusive.

176 [(k)] (11) "Institutional source" means any person or governmental
177 entity that provides information about an individual to an agent,
178 insurance institution or insurance-support organization, other than:
179 [(1)] (A) An agent; [, (2)] (B) the individual who is the subject of the
180 information; [, or (3)] or (C) an individual acting in a personal capacity
181 rather than a business or professional capacity.

182 [(l)] (12) "Insurance institution" means any corporation, limited
183 liability company, association, partnership, reciprocal exchange,
184 interinsurer, Lloyd's insurer, fraternal benefit society or other person
185 engaged in the business of insurance, including health care centers, as
186 defined in section 38a-175, medical service corporations, as defined in
187 section 38a-214, as amended by this act, managed care organizations,
188 as defined in section 38a-478 and hospital service corporations, as
189 defined in section 38a-199, as amended by this act. It shall not include
190 agents or insurance-support organizations.

191 [(m) (1)] (13) (A) "Insurance-support organization" means any
192 person who regularly engages, in whole or in part, in the practice of
193 assembling or collecting information concerning individuals for the
194 primary purpose of providing the information to an insurance
195 institution or agent for insurance transactions, including: [(A)] (i) The
196 furnishing of consumer reports or investigative consumer reports to an
197 insurance institution or agent for use in connection with an insurance
198 transaction; [, (B)] (ii) the collection of personal information from
199 insurance institutions, agents or other insurance-support organizations
200 for the purpose of detecting or preventing fraud, material
201 misrepresentation or material nondisclosure in connection with
202 insurance underwriting or insurance claim activity; or [, or (C)] (iii)
203 collecting medical record information from, disclosing medical record
204 information to, or collecting medical record information on behalf of
205 an insurance institution or agent in the ordinary course of business,
206 including, but not limited to, utilization review companies, benefit
207 management entities, including, but not limited to, pharmaceutical
208 benefit and disease management entities and information or computer

209 management entities.

210 [(2)] (B) Notwithstanding [subdivision (1) of this subsection]
211 subparagraph (A) of this subdivision, the following persons shall not
212 be considered "insurance-support organizations" for purposes of
213 sections 38a-975 to 38a-998, inclusive: Agents, government institutions,
214 insurance institutions, medical care institutions, medical professionals,
215 pharmacies, universities and schools.

216 [(n)] (14) "Insurance transaction" means any transaction involving
217 insurance primarily for personal, family or household needs rather
218 than business or professional needs [which] that involves: [(1)] (A) The
219 determination of an individual's eligibility for an insurance coverage,
220 benefit or payment; [, or (2)] or (B) the servicing of an insurance
221 application, policy, contract or certificate.

222 [(o)] (15) "Investigative consumer report" means a consumer report
223 or portion thereof in which information about an individual's
224 character, general reputation, personal characteristics or mode of living
225 is obtained through personal interviews with the person's neighbors,
226 friends, associates, acquaintances or others who may have such
227 knowledge.

228 [(p)] (16) "Medical-care institution" means any facility or institution
229 that is licensed to provide health care services to individuals, including
230 but not limited to health care centers, home-health agencies, hospitals,
231 medical clinics, public health agencies, rehabilitation agencies and
232 skilled nursing facilities.

233 [(q)] (17) "Medical professional" means any person licensed or
234 certified to provide health care services to individuals, including, but
235 not limited to, a chiropractor, clinical dietitian, clinical psychologist,
236 dentist, nurse, occupational therapist, optometrist, pharmacist,
237 physical therapist, physician, podiatrist, psychiatric social worker or
238 speech therapist.

239 [(r)] (18) "Medical-record information" means personal information

240 [which: (1)] that: (A) Relates to the physical, mental or behavioral
241 health condition, medical history or medical treatment of an individual
242 or a member of the individual's family; [, and (2)] and (B) is obtained
243 from a medical professional or medical-care institution, from a
244 pharmacy or pharmacist, from the individual, or from the individual's
245 spouse, parent or legal guardian or from the provision of or payment
246 for health care to or on behalf of an individual or a member of the
247 individual's family. [The term] "Medical-record information" does not
248 include such information from which personal identifiers that either
249 directly reveal the identity of the patient, or provide a means of
250 identifying the patient, have been removed or have been encrypted or
251 encoded such that the identity of the individual is not revealed
252 without the use of an encryption key or code.

253 [(s)] (19) "Person" has the same meaning [assigned to it] as provided
254 in section 38a-1.

255 [(t)] (20) "Personal information" means any individually identifiable
256 information gathered in connection with an insurance transaction from
257 which judgments can be made about an individual's character, habits,
258 avocations, finances, occupation, general reputation, credit, health or
259 any other personal characteristics. "Personal information" includes an
260 individual's name and address and "medical-record information" but
261 does not include "privileged information".

262 [(u)] (21) "Policyholder" means any person who: [(1)] (A) In the case
263 of individual property or casualty insurance, is a present named
264 insured; [(2)] (B) in the case of individual life, health or disability
265 insurance, is a present policyowner; or [(3)] (C) in the case of group
266 insurance [which] that is individually underwritten, is a present group
267 certificate holder.

268 [(v)] (22) "Pretext interview" means an interview where a person, in
269 an attempt to obtain information about an individual, performs one or
270 more of the following acts: [(1)] (A) Pretends to be someone he is not; [,
271 (2)] (B) pretends to represent a person he is not in fact representing; [,

272 (3)] (C) misrepresents the true purpose of the interview; [, or (4)] or (D)
 273 refuses to identify himself upon request.

274 [(w)] (23) "Privileged information" means any individually
 275 identifiable information that: [(1)] (A) Relates to a claim for insurance
 276 benefits or a civil or criminal proceeding involving an individual; [,
 277 and (2)] and (B) is collected in connection with or in reasonable
 278 anticipation of a claim for insurance benefits or a civil or criminal
 279 proceeding involving an individual. [; provided information]
 280 Information otherwise meeting the requirements of this [subsection]
 281 subdivision shall nevertheless be considered "personal information"
 282 under sections 38a-975 to 38a-998, inclusive, if it is disclosed in
 283 violation of section 38a-988.

284 [(x)] (24) "Residual market mechanism" means an association,
 285 organization or other entity defined or described in sections 38a-328,
 286 38a-329 and 38a-670.

287 [(y)] (25) "Termination of insurance coverage" or "termination of an
 288 insurance policy" means either a cancellation or nonrenewal of an
 289 insurance policy, in whole or in part, for any reason other than the
 290 failure to pay a premium as required by the policy.

291 [(z)] (26) "Unauthorized insurer" has the same meaning [assigned to
 292 it] as provided in section 38a-1.

293 Sec. 7. Subsection (a) of section 38a-794 of the general statutes is
 294 repealed and the following is substituted in lieu thereof (*Effective*
 295 *October 1, 2014*):

296 (a) Any applicant for a surplus lines broker's license shall be a
 297 person, firm, association or corporation who or which is domiciled and
 298 maintains an office in this state or a nonresident who or which desires
 299 to act within this state, and is licensed as an insurance producer. A
 300 surplus lines broker's license shall authorize the licensee to procure,
 301 from insurers not authorized to transact business in this state, subject
 302 to the restrictions herein provided, policies of insurance against loss

303 from any contingency as provided by the insurance laws of this state,
304 except any insurance coverage which can be placed through a residual
305 market mechanism, as defined in [subsection (x) of] section 38a-976, as
306 amended by this act.

307 Sec. 8. Subsection (e) of section 38a-985 of the general statutes is
308 repealed and the following is substituted in lieu thereof (*Effective*
309 *October 1, 2014*):

310 (e) The insurance institution or agent responsible for the occurrence
311 of any action specified in [subdivision (2) of subsection (a)]
312 subparagraph (B) of subdivision (1) of section 38a-976, as amended by
313 this act, [which] that is not an adverse underwriting decision shall
314 provide the applicant or policyholder with the specific reason for its
315 occurrence.

316 Sec. 9. Subsection (a) of section 38a-988a of the general statutes is
317 repealed and the following is substituted in lieu thereof (*Effective*
318 *October 1, 2014*):

319 (a) No person, including, but not limited to, insurance institutions,
320 agents, insurance support organizations, health care professionals,
321 medical care centers, pharmacies, pharmaceutical companies, schools
322 and universities, and no person's agent, contractor or employee, shall
323 sell or offer for sale individually identifiable medical record
324 information, as defined in [subsection (r) of] section 38a-976, as
325 amended by this act. No person shall disclose, for purposes of
326 marketing, individually identifiable medical record information
327 without the prior written consent of the individual to whom the
328 individually identifiable medical record information pertains or, in the
329 case of a minor, of the minor's parent or guardian. Nothing in this
330 section shall be construed to prohibit (1) a person from disclosing
331 individually identifiable medical record information as permitted
332 under section 38a-988, any other applicable state or federal law or in
333 connection with a collectively bargained agreement, or (2) a health care
334 provider from transferring individual identifiable medical record

335 information for the purposes of clinical research, utilization review,
336 quality review, performance improvement, billing for services or other
337 functions performed by health care providers or their agents in
338 support of direct patient care, provided (A) in the case of clinical
339 research, no individually identifiable medical record information may
340 be disclosed by the clinical researcher, unless the disclosure would
341 otherwise be permitted, and (B) the entity to whom the information is
342 transferred agrees not to disclose the information unless the disclosure
343 would otherwise be permitted if made by the transferer. Nothing in
344 this section shall be construed to prohibit a person from transferring
345 individually identifiable medical record information to another person
346 as part of a consummated sale of that person to another person or
347 consummated merger by that person with another person or to a
348 successor in interest. For the purposes of this section, "insurance
349 transaction" as used in section 38a-988 shall apply to any insurance
350 including insurance for personal, family, household, business or
351 professional needs, and "insurance institution" as used in said section
352 38a-988 includes self-insured employers for workers' compensation
353 purposes and third-party administrators.

354 Sec. 10. Subsection (a) of section 38a-999 of the general statutes is
355 repealed and the following is substituted in lieu thereof (*Effective*
356 *October 1, 2014*):

357 (a) An insurance institution, agent or insurance support
358 organization that regularly collects, uses or discloses medical record
359 information, as defined in [subsection (r) of] section 38a-976, as
360 amended by this act, shall develop and implement written policies,
361 standards and procedures for the management, transfer and security of
362 medical record information, including policies, standards and
363 procedures to guard against the unauthorized collection, use or
364 disclosure of medical record information by the insurance institution,
365 agent or insurance support organization or any employee or agent
366 thereof. Such policies, standards and procedures shall include:

367 (1) Limitation on access to medical record information by only those

368 persons who need to use the medical record information in order to
369 perform their jobs;

370 (2) Appropriate training for all employees identified in subdivision
371 (4) of this subsection;

372 (3) Disciplinary measures for violations of the medical record
373 information policies, standards and procedures;

374 (4) Identification of the job titles of persons that are authorized to
375 use or disclose medical record information;

376 (5) Procedures for authorizing and restricting the collection, use or
377 disclosure of medical record information;

378 (6) Methods for handling, disclosing, storing and disposing of
379 medical record information;

380 (7) Periodic monitoring of the employees' compliance with the
381 policies, standards and procedures in a manner sufficient for the
382 insurance institution, agent or insurance support organization to
383 determine compliance with this section and to enforce its policies,
384 standards and procedures; and

385 (8) Additional protection against unauthorized disclosure of
386 sensitive health information, which shall include information
387 regarding: Sexually transmitted diseases; mental health; substance
388 abuse; the human immunodeficiency virus and acquired immune
389 deficiency syndrome; and genetic testing, including the fact that an
390 individual has undergone a genetic test.

391 Sec. 11. Subsection (a) of section 38a-41 of the general statutes is
392 repealed and the following is substituted in lieu thereof (*Effective*
393 *October 1, 2014*):

394 (a) No insurance company or health care center shall do any
395 insurance business or health care center business within this state until

396 and except while it is permitted to do so under the terms of a license
397 issued by the commissioner. Any such company desiring to obtain
398 such a license shall make application to the commissioner, setting forth
399 the line or lines of business [which] that it is seeking authorization to
400 write. It shall file with the commissioner a certified copy of its charter
401 or articles of association and evidence satisfactory to the commissioner
402 that it has complied with the laws of the jurisdiction under which it is
403 organized, a statement of its financial condition in such form as is
404 required by the commissioner, together with such evidence of its
405 correctness as the commissioner requires and evidence of good
406 management in such form as is required by the commissioner.
407 Applicant companies licensed in and operated from administrative
408 offices in one state but domiciled in another state, as permitted by the
409 applicable state law, shall provide justification of such arrangement,
410 satisfactory to the commissioner, which shall demonstrate that
411 regulatory influence of the domiciliary supervisory official has not
412 been diminished as a result of such arrangement. An applicant shall
413 demonstrate an orderly pattern of growth in its marketing territories in
414 the geographic region, with the exception of a newly formed health
415 care center, and an expertise in marketing and servicing the lines of
416 insurance or the health care center business it desires to write. It shall
417 submit evidence of its ability to provide [continuant] continuous and
418 timely claims settlement. If the information furnished is satisfactory to
419 the commissioner and if all other requirements of law have been
420 complied with, he may issue to such company a license permitting it to
421 do business in this state. Each such license shall expire on the first day
422 of May succeeding the date of its issuance, but may be renewed
423 without any formalities except as required by the commissioner.
424 Failure of a licensed company to exercise its authority to write a
425 particular line or lines of business in this state for two consecutive
426 calendar years may constitute sufficient cause for revocation of the
427 company's authority to write those lines of business.

428 Sec. 12. Subsections (g) to (j), inclusive, of section 38a-90c of the
429 general statutes are repealed and the following is substituted in lieu

430 thereof (*Effective October 1, 2014*):

431 (g) (1) If the contract permits the managing general agent to settle
432 claims on behalf of the insurer: [(1)] (A) All claims [must] shall be
433 reported to the company in a timely manner; [(2)] (B) a copy of the
434 claim file shall be sent to the insurer at its request or as soon as it
435 becomes known that the claim: [(A)] (i) Has the potential to exceed an
436 amount determined by the commissioner or exceeds the limit set by
437 the company, whichever is less; [(B)] (ii) involves a coverage dispute;
438 [(C)] (iii) may exceed the managing general agent claims settlement
439 authority; [(D)] (iv) is open for more than six months; or [(E)] (v) is
440 closed by payment of an amount set by the company.

441 [(3)] (2) All claim files will be the joint property of the insurer and
442 managing general agent, [. However,] except that upon an order of
443 liquidation of the insurer such files shall become the sole property of
444 the insurer or its estate and the managing general agent shall have
445 reasonable access and the right to copy the files on a timely basis.

446 [(4)] (3) Any settlement authority granted to the managing general
447 agent may be terminated for cause upon the insurer's written notice to
448 the managing general agent or upon the termination of the contract.
449 The insurer may suspend the settlement authority during the
450 pendency of any dispute regarding the cause for termination.

451 (h) Where electronic claims files are in existence, the contract [must]
452 shall address the timely transmission of data.

453 (i) If the contract provides for a sharing of interim profits by the
454 managing general agent, and the managing general agent has the
455 authority to determine the amount of the interim profits by
456 establishing loss reserves or controlling claim payments, or in any
457 other manner, interim profits will not be paid to the managing general
458 agent until one year after they are earned for property insurance and
459 five years after they are earned on casualty insurance and not until the
460 profits have been verified pursuant to section 38a-90d, as amended by

461 this act.

462 (j) The managing general agent shall not: (1) Bind reinsurance or
463 retrocessions on behalf of the insurer, except that the managing
464 general agent may bind facultative reinsurance contracts pursuant to
465 obligatory facultative agreements if the contract with the insurer
466 contains reinsurance underwriting guidelines including, for both
467 reinsurance assumed and ceded, a list of reinsurers with which such
468 automatic agreements are in effect, the coverages and amounts or
469 percentages that may be reinsured and commission schedules; (2)
470 commit the insurer to participate in insurance or reinsurance
471 syndicates; (3) appoint any producer or agent without [assuring]
472 ensuring that the producer or agent is lawfully licensed to transact the
473 type of insurance for which [he] such producer or agent is appointed;
474 (4) without prior approval of the insurer, pay or commit the insurer to
475 pay a claim over a specified amount, net of reinsurance, which shall
476 not exceed one per cent of the insurer's policyholder's surplus as of
477 December thirty-first of the last completed calendar year; (5) collect
478 any payment from a reinsurer or commit the insurer to any claim
479 settlement with a reinsurer, without prior approval of the insurer. If
480 prior approval is given, a report [must] shall be promptly forwarded to
481 the insurer; (6) jointly employ an individual who is employed with the
482 insurer; (7) appoint a submanaging general agent; or (8) permit its
483 subproducer or subagent to serve on the insurer's board of directors.

484 Sec. 13. Subsection (b) of section 38a-91kk of the general statutes is
485 repealed and the following is substituted in lieu thereof (*Effective*
486 *October 1, 2014*):

487 (b) A captive insurance company may only take credit for the
488 reinsurance of risks or portions of risks ceded to reinsurers that
489 [complies] comply with the provisions of section 38a-85 or 38a-86.

490 Sec. 14. Subdivision (3) of subsection (a) of section 38a-130 of the
491 2014 supplement to the general statutes is repealed and the following
492 is substituted in lieu thereof (*Effective October 1, 2014*):

493 (3) Any controlling person of a domestic insurance company
494 seeking to divest in any manner such person's controlling interest in
495 such insurance company shall file with the commissioner and send to
496 such insurance company a confidential notice of the proposed
497 divestiture at least thirty [days] days prior to such divestiture, except
498 that if a statement set forth in subparagraph (A) of subdivision (2) of
499 this subsection has been filed with the commissioner with respect to
500 such transaction, such controlling person shall not be required to file or
501 send such confidential notice. The notice shall remain confidential
502 until the conclusion of the divestiture unless the commissioner
503 determines that such confidential treatment will interfere with the
504 enforcement of this section. The commissioner shall adopt regulations,
505 in accordance with the provisions of chapter 54, to establish the
506 circumstances under which a controlling person shall be required to
507 obtain the commissioner's prior approval of such divestiture.

508 Sec. 15. Subdivision (3) of subsection (a) of section 38a-193 of the
509 general statutes is repealed and the following is substituted in lieu
510 thereof (*Effective October 1, 2014*):

511 (3) (A) In determining net worth, no debt shall be considered fully
512 subordinated unless the subordination clause is in a form acceptable to
513 the commissioner. Any interest obligation relating to the repayment of
514 any subordinated debt [must] shall be similarly subordinated. (B) The
515 interest expenses relating to the repayment of any fully subordinated
516 debt shall not be considered uncovered expenditures. (C) Any debt
517 incurred by a note meeting the requirements of this section, and
518 otherwise acceptable to the commissioner, shall not be considered a
519 liability and shall be recorded as equity.

520 Sec. 16. Subsection (b) of section 38a-199 of the general statutes is
521 repealed and the following is substituted in lieu thereof (*Effective*
522 *October 1, 2014*):

523 (b) A hospital service corporation providing health care benefits to
524 plan subscribers under the provisions of subsection (a) of this section

525 may, upon obtaining the approval of the Insurance Commissioner as
526 provided in section [38a-482] 38a-208: (1) Adjust the rates to be paid by
527 any group or groups of its subscribers based upon past and
528 prospective loss experience and may classify subscribers and groups of
529 subscribers and determine rates with reference to standards for
530 variations or risks or expenses which it may establish; (2) contract for
531 the coordination of benefits with other hospital service corporations,
532 medical service corporations or insurance companies to avoid
533 duplication of benefits to be provided to its group subscribers; (3)
534 make loans, grants or provide anything of value to a health care center
535 covering all or part of the cost of health services provided to members;
536 (4) contract with a health care center to provide insurance or similar
537 protection to cover the cost of care provided through health care
538 centers and to provide coverage in the event of the insolvency of the
539 health care center; and (5) establish, maintain, own and operate health
540 care centers as a line of business, provided that (A) aggregate
541 investments hereafter made by such corporation shall not exceed ten
542 per cent of such corporation's contingency reserve as of the date of the
543 investment; (B) such investments shall not be repaid or recovered from
544 rates charged by such corporation for its non-health-care-center lines
545 of business; [.] and (C) the commissioner shall find, based upon
546 evidence furnished by such corporation, that the financial condition of
547 such corporation and the rates of its non-health-care-center subscribers
548 are not unduly jeopardized by such investment. Subdivisions (1) and
549 (2) shall be subject to such regulations as may be adopted by the
550 Insurance Commissioner to establish guidelines of eligibility for
551 experience rating and adoption of coordination of benefits clauses in
552 health care contracts.

553 Sec. 17. Subsection (b) of section 38a-214 of the general statutes is
554 repealed and the following is substituted in lieu thereof (*Effective*
555 *October 1, 2014*):

556 (b) A medical service corporation providing health care benefits to
557 plan subscribers under the provisions of subsection (a) of this section

558 may, upon obtaining the approval of the Insurance Commissioner as
559 provided in section [38a-488] 38a-218: (1) Adjust the rates to be paid by
560 any group or groups of its subscribers based upon past and
561 prospective loss experience and may classify subscribers and groups of
562 subscribers and determine rates with reference to standards for
563 variations of risks or expenses which it may establish; (2) contract for
564 the coordination of benefits with other hospital service corporations,
565 medical service corporations or insurance companies to avoid
566 duplication of benefits to be provided to its group subscribers; (3)
567 make loans, grants or provide anything of value to a health care center
568 covering all or part of the cost of health services provided to members;
569 (4) contract with a health care center to provide insurance or similar
570 protection to cover the cost of care provided through health care
571 centers and to provide coverage in the event of the insolvency of the
572 health care center; and (5) establish, maintain, own and operate health
573 care centers as a line of business, provided that (A) aggregate
574 investments hereafter made by such corporation shall not exceed ten
575 per cent of such corporation's contingency reserve as of the date of the
576 investment; (B) such investments shall not be repaid or recovered from
577 rates charged by such corporation for its non-health-care-center lines
578 of business; [.] and (C) the commissioner shall find, based upon
579 evidence furnished by such corporation, that the financial condition of
580 such corporation and the rates of its non-health-care-center subscribers
581 are not unduly jeopardized by such investment. Subdivisions (1) and
582 (2) of this subsection shall be subject to such regulations as may be
583 adopted by the Insurance Commissioner to establish guidelines of
584 eligibility for experience rating and adoption of coordination of
585 benefits clauses in health care benefit contracts.

586 Sec. 18. Subsection (b) of section 38a-490a of the 2014 supplement to
587 the general statutes is repealed and the following is substituted in lieu
588 thereof (*Effective October 1, 2014*):

589 (b) No such policy shall impose a coinsurance, copayment,
590 deductible or other out-of-pocket expense for such services, except that

591 a high deductible health plan, as that term is used in subsection (f) of
592 section 38a-493, shall not be subject to the deductible limits set forth in
593 this section.

594 Sec. 19. Subsection (b) of section 38a-516a of the 2014 supplement to
595 the general statutes is repealed and the following is substituted in lieu
596 thereof (*Effective October 1, 2014*):

597 (b) No such policy shall impose a coinsurance, copayment,
598 deductible or other out-of-pocket expense for such services, except that
599 a high deductible health plan, as that term is used in subsection (f) of
600 section [38a-493] 38a-520, shall not be subject to the deductible limits
601 set forth in this section.

602 Sec. 20. Subsection (c) of section 38a-300 of the general statutes is
603 repealed and the following is substituted in lieu thereof (*Effective*
604 *October 1, 2014*):

605 (c) The provisions of sections 38a-295 to 38a-300, inclusive, shall not
606 apply to: (1) Any policy [which] that is a security subject to federal
607 jurisdiction; (2) any group policy covering a group of fifty or more
608 lives at date of issue, other than a group credit life insurance policy or
609 a group credit health insurance policy, except this shall not exempt any
610 certificate issued pursuant to a group policy delivered or issued for
611 delivery in this state; (3) any group annuity contract [which] that
612 serves as a funding vehicle for pension, profit sharing or deferred
613 compensation plans; (4) any form used in connection with a policy
614 delivered or issued for delivery on a policy form [which] that has been
615 authorized for issuance by the commissioner prior to October 1, 1979,
616 as to such policy form, except this shall not exempt any group policy
617 or certificate issued thereunder unless the holders of such certificates
618 are entitled to receive a summary plan description pursuant to the
619 terms of the Federal Employee Retirement Income Security Act of
620 1974; or (5) the renewal of an annuity or an individual life or health
621 insurance policy delivered or issued for delivery prior to the date any
622 such form must be approved by the commissioner as readable.

623 Sec. 21. Subsection (a) of section 38a-416 of the 2014 supplement to
624 the general statutes is repealed and the following is substituted in lieu
625 thereof (*Effective October 1, 2014*):

626 (a) No title insurer or title insurance agent may accept any order for,
627 issue a title insurance policy to, or provide services to, an applicant if
628 [it] such insurer or agent knows or has reason to believe that the
629 applicant was referred to [it] such insurer or agent by any producer of
630 title insurance business or by any associate of such producer, where
631 the producer, the associate or both, have a financial interest in the title
632 insurer or title agent to which business is referred unless the producer
633 has disclosed to the buyer, seller, lender, the financial interest of the
634 producer of title insurance business or associate referring the title
635 insurance business. The disclosure [must] shall be made in writing on
636 forms prescribed by the commissioner. The title insurer shall maintain
637 the disclosure forms for a period of three years.

638 Sec. 22. Section 38a-423 of the general statutes is repealed and the
639 following is substituted in lieu thereof (*Effective October 1, 2014*):

640 (a) A title insurer or title agent that issues a mortgagee's policy of
641 title insurance on a loan made simultaneous with the purchase of all or
642 part of the residential property securing the loan, where no owner's
643 policy has been ordered, shall inform the borrower in writing that the
644 mortgagee's policy does not protect the borrower, and that the
645 borrower may obtain an owner's title insurance policy for his
646 protection. [This] Such notice [must] shall be provided before
647 disbursement of the loan proceeds and before issuance of a
648 mortgagee's policy [. The notice must] and shall be on a form
649 prescribed by the commissioner.

650 (b) If the borrower elects not to purchase an owner's title insurance
651 policy, the title insurer or title agent shall obtain from [him] the
652 borrower a statement in writing that the notice has been received and
653 that the borrower waives the right to purchase an owner's title
654 insurance policy. If the [buyer] borrower refuses to provide the

655 statement and waiver, the title insurer or title agent shall so note in the
656 file. The statement and waiver [must] shall be on a form prescribed by
657 the commissioner and [must] shall be retained by the title insurer or
658 title agent for at least five years after receipt.

659 Sec. 23. Subsection (f) of section 38a-439 of the general statutes is
660 repealed and the following is substituted in lieu thereof (*Effective*
661 *October 1, 2014*):

662 (f) In the case of any plan of life insurance [which] that provides for
663 future premium determination, the amounts of which are to be
664 determined by the insurance company based on then estimates of
665 future experience, or in the case of any plan of life insurance [which]
666 that is of such nature that minimum values cannot be determined by
667 the methods described in subsections (a) to (e), inclusive, [then] of this
668 section: (1) The commissioner must be satisfied that the benefits
669 provided under the plan are substantially as favorable to policyholders
670 and insureds as are the minimum benefits otherwise required by
671 subsections (a) to (e), inclusive, of this section; (2) the commissioner
672 must be satisfied that the benefits and the pattern of premiums of that
673 plan are not such as to mislead prospective policyholders or insureds;
674 and (3) the cash surrender values and paid-up nonforfeiture benefits
675 provided by such plan [must] shall not be less than the minimum
676 values and benefits required for the plan computed by a method
677 consistent with the principles of this section, as determined by
678 regulations adopted by the commissioner in accordance with the
679 provisions of chapter 54.

680 Sec. 24. Subdivision (1) of subsection (m) of section 38a-465g of the
681 general statutes is repealed and the following is substituted in lieu
682 thereof (*Effective October 1, 2014*):

683 (1) The policy was issued upon the owner's exercise of conversion
684 rights arising out of a group or individual policy, provided the total of
685 the time covered under the conversion policy plus the time covered
686 under the prior policy is not less than twenty-four months. The time

covered under a group policy [must] shall be calculated without regard to a change in insurance carriers, provided the coverage has been continuous and under the same group sponsorship; or

Sec. 25. Subsection (p) of section 38a-479rr of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

(p) The commissioner shall, in any order suspending the authority of a medical discount plan organization to enroll new members, specify the period during which the suspension is to be in effect and the conditions, if any, [which must] that shall be met by the medical discount plan organization prior to reinstatement of its license to enroll new members. The commissioner may rescind or modify the order of suspension prior to the expiration of the suspension period.

Sec. 26. Subdivision (8) of subsection (a) of section 38a-483 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

(8) A provision as follows: "TIME OF PAYMENT OF CLAIMS: Indemnities payable under this policy for any loss other than loss for which this policy provides any periodic payment will be paid immediately upon receipt of due written proof of such loss. Subject to due written proof of loss, all accrued indemnities for loss for which this policy provides periodic payment shall be paid ... (insert period for payment [which must] that shall not be less frequently than monthly) and any balance remaining unpaid upon the termination of liability will be paid immediately upon receipt of due written proof."

Sec. 27. Subsection (a) of section 38a-484 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

(a) No policy provision which is not subject to section 38a-483, as amended by this act, shall make a policy, or any portion thereof, less favorable in any respect to the insured or the beneficiary than the

718 provisions thereof [which] that are subject to sections 38a-481 to 38a-
719 488, inclusive, as amended by this act.

720 Sec. 28. Subsection (c) of section 38a-513 of the general statutes is
721 repealed and the following is substituted in lieu thereof (*Effective*
722 *October 1, 2014*):

723 (c) Nothing in this chapter shall preclude the issuance of a group
724 health insurance policy [which] that includes an optional life insurance
725 rider, provided the optional life insurance rider [must] shall be filed
726 with and approved by the Insurance Commissioner pursuant to
727 section 38a-430. Any company offering such policies for sale in this
728 state shall be licensed to sell life insurance in this state pursuant to the
729 provisions of section 38a-41, as amended by this act.

730 Sec. 29. Section 38a-528 of the 2014 supplement to the general
731 statutes is repealed and the following is substituted in lieu thereof
732 (*Effective October 1, 2014*):

733 (a) (1) As used in this section, "long-term care policy" means any
734 group health insurance policy or certificate delivered or issued for
735 delivery to any resident of this state on or after July 1, 1986, [which]
736 that is designed to provide, within the terms and conditions of the
737 policy or certificate, benefits on an expense-incurred, indemnity or
738 prepaid basis for necessary care or treatment of an injury, illness or
739 loss of functional capacity provided by a certified or licensed health
740 care provider in a setting other than an acute care hospital, for at least
741 one year after a reasonable elimination period. A long-term care policy
742 shall provide benefits for confinement in a nursing home or
743 confinement in the insured's own home or both. Any additional
744 benefits provided shall be related to long-term treatment of an injury,
745 illness or loss of functional capacity. "Long-term care policy" shall not
746 include any such policy or certificate which is offered primarily to
747 provide basic Medicare supplement coverage, basic medical-surgical
748 expense coverage, hospital confinement indemnity coverage, major
749 medical expense coverage, disability income protection coverage,

750 accident only coverage, specified accident coverage or limited benefit
751 health coverage.

752 (2) (A) No insurance company, fraternal benefit society, hospital
753 service corporation, medical service corporation or health care center
754 delivering, issuing for delivery, renewing, continuing or amending any
755 long-term care policy in this state may refuse to accept or make
756 reimbursement pursuant to a claim for benefits submitted by or
757 prepared with the assistance of a managed residential community, as
758 defined in section 19a-693, in accordance with subdivision (7) of
759 subsection (a) of section 19a-694 solely because such claim for benefits
760 was submitted by or prepared with the assistance of a managed
761 residential community.

762 (B) Each insurance company, fraternal benefit society, hospital
763 service corporation, medical service corporation or health care center
764 delivering, issuing for delivery, renewing, continuing or amending any
765 long-term care policy in this state shall, upon receipt of a written
766 authorization executed by the insured, (i) disclose information to a
767 managed residential community for the purpose of determining such
768 insured's eligibility for an insurance benefit or payment, and (ii)
769 provide a copy of the initial acceptance or declination of a claim for
770 benefits to the managed residential community at the same time such
771 acceptance or declination is made to the insured.

772 (b) No insurance company, fraternal benefit society, hospital service
773 corporation, medical service corporation or health care center may
774 deliver or issue for delivery any long-term care policy or certificate
775 which has a loss ratio of less than sixty-five per cent for any group
776 long-term care policy. An issuer shall not use or change premium rates
777 for a long-term care policy or certificate unless the rates have been filed
778 with the Insurance Commissioner. Deviations in rates to reflect
779 policyholder experience shall be permitted, provided each policy form
780 shall meet the loss ratio requirement of this section. Any rate filings or
781 rate revisions shall demonstrate that anticipated claims in relation to
782 premiums when combined with actual experience to date can be

783 expected to comply with the loss ratio requirement of this section. On
784 an annual basis, an insurer shall submit to the Insurance
785 Commissioner an actuarial certification of the insurer's continuing
786 compliance with the loss ratio requirement of this section. Any rate or
787 rate revision may be disapproved if the commissioner determines that
788 the loss ratio requirement will not be met over the lifetime of the policy
789 form using reasonable assumptions.

790 (c) No such company, society, corporation or center may deliver or
791 issue for delivery any long-term care policy without providing, at the
792 time of solicitation or application for purchase or sale of such coverage,
793 full and fair disclosure of the benefits and limitations of the policy. The
794 provisions of this subsection shall not be applicable to: (1) Any long-
795 term care policy [which] that is delivered or issued for delivery to one
796 or more employers or labor organizations, or to a trust or to the
797 trustees of a fund established by one or more employers or labor
798 organizations, or a combination thereof, for employees or former
799 employees or a combination thereof or for members or former
800 members or a combination thereof, or the labor organizations; and (2)
801 noncontributory plans.

802 (d) The Insurance Commissioner shall adopt regulations, in
803 accordance with chapter 54, [which] that address (1) the insured's right
804 to information prior to his replacing an accident and sickness policy
805 with a long-term care policy, (2) the insured's right to return a long-
806 term care policy to the insurer, within a specified period of time after
807 delivery, for cancellation, and (3) the insured's right to accept by [his]
808 the insured's signature, and prior to it becoming effective, any rider or
809 endorsement added to a long-term care policy after the issuance date
810 of such policy, provided (A) any regulations adopted pursuant to
811 subdivisions (1) and (2) of this subsection shall not be applicable to (i)
812 any long-term care policy [which] that is delivered or issued for
813 delivery to one or more employers or labor organizations, or to a trust
814 or to the trustees of a fund established by one or more employers or
815 labor organizations, or a combination thereof or for members or former

816 members or a combination thereof, of the labor organizations, or (ii)
817 noncontributory plans, and (B) any regulations adopted pursuant to
818 subdivision (3) of this subsection shall not be applicable to any group
819 long-term care policy. The Insurance Commissioner shall adopt such
820 additional regulations as [he] the commissioner deems necessary in
821 accordance with said chapter 54 to carry out the purpose of this
822 section.

823 (e) The Insurance Commissioner may, upon written request by any
824 such company, society, corporation or center, issue an order to modify
825 or suspend a specific provision of this section or any regulation
826 adopted pursuant thereto with respect to a specific long-term care
827 policy upon a written finding that: (1) The modification or suspension
828 would be in the best interest of the insureds; (2) the purposes to be
829 achieved could not be effectively or efficiently achieved without such
830 modification or suspension; and (3) (A) the modification or suspension
831 is necessary to the development of an innovative and reasonable
832 approach for insuring long-term care, (B) the policy is to be issued to
833 residents of a life care or continuing care retirement community or
834 other residential community for the elderly and the modification or
835 suspension is reasonably related to the special needs or nature of such
836 community, or (C) the modification or suspension is necessary to
837 permit long-term care policies to be sold as part of, or in conjunction
838 with, another insurance product. [, whenever] Whenever the
839 commissioner decides not to issue such an order, [he] the
840 commissioner shall provide written notice of such decision to the
841 requesting party in a timely manner.

842 (f) Upon written request by any such company, society, corporation
843 or center, the Insurance Commissioner may issue an order to extend
844 the preexisting condition exclusion period, as established by
845 regulations adopted pursuant to this section, for purposes of specific
846 age group categories in a specific long-term care policy form whenever
847 he makes a written finding that such an extension is in the best interest
848 to the public. Whenever the commissioner decides not to issue such an

849 order, [he] the commissioner shall provide written notice of such
850 decision to the requesting party in a timely manner.

851 (g) The provisions of section 38a-19 shall be applicable to any such
852 requesting party aggrieved by any order or decision of the
853 commissioner made pursuant to subsections (e) and (f) of this section.

854 Sec. 30. Subsection (q) of section 38a-551 of the general statutes is
855 repealed and the following is substituted in lieu thereof (*Effective*
856 *October 1, 2014*):

857 (q) "Deductible" means the amount of covered expenses [which] that
858 must be accumulated during each calendar year before benefits
859 become payable as additional covered expenses incurred.

860 Sec. 31. Subdivision (2) of section 38a-567 of the general statutes is
861 repealed and the following is substituted in lieu thereof (*Effective*
862 *October 1, 2014*):

863 (2) Except in the case of a late enrollee who has failed to provide
864 evidence of insurability satisfactory to the insurer, the plan or
865 arrangement may not exclude any eligible employee or dependent
866 who would otherwise be covered under such plan or arrangement on
867 the basis of an actual or expected health condition of such person. No
868 plan or arrangement may exclude an eligible employee or eligible
869 dependent who, on the day prior to the initial effective date of the plan
870 or arrangement, was covered under the small employer's prior health
871 insurance plan or arrangement pursuant to workers' compensation,
872 continuation of benefits pursuant to section 38a-554 or other applicable
873 laws. The employee or dependent [must] shall request coverage under
874 the new plan or arrangement on a timely basis and such coverage shall
875 terminate in accordance with the provisions of the applicable law.

876 Sec. 32. Subsection (a) of section 38a-688a of the 2014 supplement to
877 the general statutes is repealed and the following is substituted in lieu
878 thereof (*Effective October 1, 2014*):

879 (a) Notwithstanding the requirements of sections 38a-389 and 38a-
880 688 with respect to personal risk insurance with the exception of
881 residual market rates, and on and after July 1, 2006, and until July 1,
882 2015, an insurer may file a rate with the Insurance Commissioner
883 pursuant to this section and such rate shall take effect the date it is
884 filed provided the rate provides for an overall state-wide rate increase
885 or decrease of not more than six per cent in the aggregate and not more
886 than a fifteen per cent increase in any individual territory for all
887 coverages that are subject to the filing. Such [per cent] percentage
888 limits shall not apply on an individual insured basis. Not more than
889 one filing may be made by an insurer pursuant to this section within
890 any twelve-month period unless the filing, when combined with one
891 or more filings made by the insurer within the preceding twelve
892 months, does not result in an overall state-wide increase or decrease of
893 more than six per cent in the aggregate and not more than a fifteen per
894 cent increase in any individual territory for all coverages that are
895 subject to the filing.

896 Sec. 33. Subdivision (5) of section 38a-760g of the general statutes is
897 repealed and the following is substituted in lieu thereof (*Effective*
898 *October 1, 2014*):

899 (5) Collect any payment from a retrocessionaire or commit the
900 reinsurer to any claim settlement with a retrocessionaire, without prior
901 approval of the reinsurer. If prior approval is given, a report [must]
902 shall be promptly forwarded to the reinsurer;

903 Sec. 34. Subsection (d) of section 38a-909 of the general statutes is
904 repealed and the following is substituted in lieu thereof (*Effective*
905 *October 1, 2014*):

906 (d) If any legal action against an employee for which indemnity may
907 be available under this section is settled prior to final adjudication on
908 the merits, the insurer [must] shall pay the settlement amount on
909 behalf of the employee or indemnify the employee for the settlement
910 amount unless the commissioner determines:

911 (1) That the claim did not arise out of or by reason of the employee's
912 duties or employment; or

913 (2) That the claim was caused by the intentional or wilful and
914 wanton misconduct of the employee.

915 Sec. 35. Subsection (c) of section 38a-954 of the general statutes is
916 repealed and the following is substituted in lieu thereof (*Effective*
917 *October 1, 2014*):

918 (c) Claimants residing in this state may file claims with the
919 liquidator or ancillary receiver, if any, in this state or with the
920 domiciliary liquidator, if the domiciliary law permits. The claims
921 [must] shall be filed on or before the last date fixed for the filing of
922 claims in the domiciliary liquidation proceedings.

923 Sec. 36. Subsection (a) of section 38a-957 of the general statutes is
924 repealed and the following is substituted in lieu thereof (*Effective*
925 *October 1, 2014*):

926 (a) In a liquidation proceeding begun in this state against an insurer
927 domiciled in this state, claimants residing in foreign countries or in
928 states not reciprocal states [must] shall file claims in this state, and
929 claimants residing in reciprocal states may file claims either with the
930 ancillary receivers, if any, in their respective states, provided a claim
931 filing procedure is established in the ancillary proceeding, or with the
932 domiciliary liquidator. Claims [must] shall be filed on or before the last
933 dates fixed for the filing of claims in the domiciliary liquidation
934 proceeding.

935 Sec. 37. Subsection (a) of section 38a-958 of the general statutes is
936 repealed and the following is substituted in lieu thereof (*Effective*
937 *October 1, 2014*):

938 (a) Promptly after the appointment of the commissioner as ancillary
939 receiver for an insurer not domiciled in this state, the commissioner
940 shall determine whether there are claimants residing in this state who

941 are not protected by guaranty funds and if so, whether the protection
942 of such claimants requires the establishing of a claim filing procedure
943 in the ancillary proceeding. If a claim filing procedure is established,
944 claimants against the insurer who reside within this state may file
945 claims either with the ancillary receiver, if any, in this state, or with the
946 domiciliary liquidator. Claims [must] shall be filed on or before the last
947 dates fixed for the filing of claims in the domiciliary liquidation
948 proceeding.

949 Sec. 38. Subdivision (7) of section 38a-1080 of the 2014 supplement
950 to the general statutes is repealed and the following is substituted in
951 lieu thereof (*Effective October 1, 2014*):

952 (7) "Health carrier" means an insurance company, fraternal benefit
953 society, hospital service corporation, medical service corporation,
954 health care center or other entity subject to the insurance laws and
955 regulations of the state or the jurisdiction of the commissioner that
956 contracts or offers to contract to provide, deliver, pay for or reimburse
957 any of the costs of health care services;

958 Sec. 39. Subparagraphs (A)(viii) and (A)(ix) of subdivision (1) of
959 subsection (b) of section 38a-1081 of the 2014 supplement to the
960 general statutes are repealed and the following is substituted in lieu
961 thereof (*Effective October 1, 2014*):

962 (viii) The Commissioner of Social Services, the Special Advisor to
963 the Governor on Healthcare Reform, the Secretary of the Office of
964 Policy and Management and the Healthcare Advocate, or their
965 designees, who shall serve as ex-officio, voting board members; and

966 (ix) The Insurance Commissioner and the Commissioner of Public
967 Health, or their designees, who shall serve as ex-officio, nonvoting
968 board members.

969 Sec. 40. Subdivision (5) of subsection (k) of section 38a-14 of the 2014
970 supplement to the general statutes is repealed and the following is
971 substituted in lieu thereof (*Effective October 1, 2014*):

972 (5) A person identified in subdivision (2) of this subsection shall be
973 entitled to an award of attorney's fees and costs if such person is the
974 prevailing party in a civil [cause of] action for libel, slander or any
975 other relevant tort arising out of activities in carrying out the
976 provisions of this section and the party bringing the action was not
977 substantially justified in doing so. For purposes of this section, a
978 proceeding is "substantially justified" if it had a reasonable basis in law
979 or fact at the time that it was initiated.

980 Sec. 41. Subdivision (5) of subsection (i) of section 38a-91hh of the
981 general statutes is repealed and the following is substituted in lieu
982 thereof (*Effective October 1, 2014*):

983 (5) A person identified in subdivision (2) of this subsection shall be
984 entitled to an award of attorney's fees and costs if he is the prevailing
985 party in a civil [cause of] action for libel, slander or any other relevant
986 tort arising out of activities in carrying out the provisions of this
987 section and the party bringing the action was not substantially justified
988 in doing so. For purposes of this section, a proceeding is "substantially
989 justified" if it had a reasonable basis in law or fact at the time that it
990 was initiated.

991 Sec. 42. Subdivision (3) of subsection (i) of section 38a-465e of the
992 2014 supplement to the general statutes is repealed and the following
993 is substituted in lieu thereof (*Effective October 1, 2014*):

994 (3) A person identified in subdivision (1) or (2) of this subsection
995 shall be entitled to an award of attorney's fees and costs if such person
996 is the prevailing party in a civil [cause of] action for libel, slander or
997 any other relevant tort arising out of activities in carrying out the
998 provisions of this section and the party bringing the action was not
999 substantially justified in doing so. For the purpose of this section, a
1000 proceeding is "substantially justified" if it had a reasonable basis in law
1001 or fact at the time that it was initiated.

1002 Sec. 43. Subdivision (3) of subsection (f) of section 38a-465j of the

1003 general statutes is repealed and the following is substituted in lieu
1004 thereof (*Effective October 1, 2014*):

1005 (3) A person identified in subdivision (1) of this subsection shall be
1006 entitled to an award of attorney's fees and costs if such person is the
1007 prevailing party in a civil [cause of] action for libel, slander or any
1008 other relevant tort arising out of activities in carrying out the
1009 provisions of this part and the party bringing the action was not
1010 substantially justified in doing so. For the purpose of this section, a
1011 proceeding is "substantially justified" if it had a reasonable basis in law
1012 or fact at the time that it was initiated.

1013 Sec. 44. Subsection (e) of section 38a-465e of the 2014 supplement to
1014 the general statutes is repealed and the following is substituted in lieu
1015 thereof (*Effective October 1, 2014*):

1016 (e) (1) Upon determining that an examination should be conducted,
1017 the commissioner shall issue an examination warrant appointing one
1018 or more examiners to perform such examination and instructing them
1019 as to its scope. In conducting the examination, the examiner shall use
1020 methods common to the examination of any life settlement licensee
1021 and shall use guidelines and procedures set forth in an examiners'
1022 handbook adopted by a national organization.

1023 (2) Each licensee or person from whom information is sought, its
1024 officers, directors and agents shall provide to the examiners timely,
1025 convenient and free access at all reasonable hours at its offices to all
1026 books, records, accounts, [papers] workpapers, documents, assets and
1027 computer or other recordings relating to the property, assets, business
1028 and affairs of the licensee being examined. The officers, directors,
1029 employees and agents of the licensee or person shall facilitate the
1030 examination and aid in the examination so far as it is in their power to
1031 do so. The refusal by a licensee or its officers, directors, employees or
1032 agents to submit to an examination or to comply with any reasonable
1033 written request of the commissioner shall be grounds for suspension,
1034 refusal or nonrenewal of any license or authority held by the licensee

1035 to engage in the life settlement business or other business subject to the
1036 commissioner's jurisdiction. Any proceedings for suspension,
1037 revocation or refusal of any license or authority shall be conducted
1038 pursuant to sections 38a-17 to 38a-19, inclusive.

1039 (3) The commissioner shall have the power to issue subpoenas,
1040 administer oaths and examine under oath any person as to any matter
1041 pertinent to the examination. Upon the failure or refusal of a person to
1042 obey a subpoena, the commissioner may petition a court of competent
1043 jurisdiction, and upon proper showing, the court may enter an order
1044 compelling the witness to appear and testify or produce documentary
1045 evidence.

1046 (4) When making an examination under this part, the commissioner
1047 may retain attorneys, appraisers, independent actuaries, independent
1048 certified public accountants or other professionals and specialists as
1049 examiners, the reasonable cost of which shall be borne by the licensee
1050 that is the subject of the examination.

1051 (5) Nothing contained in this section shall be construed to limit the
1052 commissioner's authority to terminate or suspend an examination in
1053 order to pursue other legal or regulatory action pursuant to the
1054 insurance laws of this state. Findings of fact and conclusions made
1055 pursuant to any examination shall be prima facie evidence in any legal
1056 or regulatory action.

1057 (6) All final or preliminary examination reports, examiner or
1058 licensee [work papers] workpapers or other documents, or any other
1059 information discovered or developed during the course of an
1060 examination shall be kept confidential, pursuant to section 38a-69a.

1061 Sec. 45. Subsection (g) of section 38a-465e of the 2014 supplement to
1062 the general statutes is repealed and the following is substituted in lieu
1063 thereof (*Effective October 1, 2014*):

1064 (g) Except as otherwise provided in this section, all examination
1065 reports, [working papers] workpapers, recorded information,

documents and copies thereof produced by, obtained by or disclosed to the commissioner or any other person in the course of an examination made under this section, or in the course of analysis or investigation by the commissioner of the financial condition or market conduct of a licensee, shall be confidential by law and privileged and shall not be subject to section 1-210, subject to subpoena, or subject to discovery or be admissible in evidence in any civil action. The commissioner is authorized to use the documents, materials or other information in the furtherance of any regulatory or legal action brought as part of the commissioner's official duties. The licensee being examined shall have access to all documents used to make the report.

Sec. 46. Section 38a-201 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

No contract between any such corporation and subscribers shall entitle more than one person to services, except that such contract may be issued for service to a subscriber and [wife, to a subscriber and husband] spouse, to a subscriber and family, to a subscriber and dependent or dependents related by blood, marriage or adoption or to a subscriber and ward. Such contract with a subscriber shall be in writing and a copy thereof furnished to each subscriber. Each such contract shall contain the following provisions: (1) A statement of the amount payable to the corporation by the subscriber and the manner in which such amount is payable; (2) a statement of the nature of the services to be furnished and the period during which they will be furnished, and, if there are any services to be excepted, a detailed statement of such exceptions; (3) a statement of terms and conditions upon which the contract may be cancelled or otherwise terminated at the option of either party; (4) a statement that the contract includes the endorsement thereon and attached papers, if any, and contains the entire contract; (5) a statement that no statement by the subscriber in [his] the subscriber's application for a contract shall void the contract or be used in any legal proceeding thereunder, unless such application

1099 or an exact copy thereof is included in or attached to such contract; (6)
1100 a statement of the period of grace [which] that will be allowed the
1101 subscriber for making any payment due under the contract, which
1102 period shall not be less than ten days; and (7) a statement that no
1103 action at law based upon or arising out of the physician-patient
1104 relationship shall be maintained against a nonprofit hospital service
1105 corporation.

1106 Sec. 47. Section 38a-217 of the general statutes is repealed and the
1107 following is substituted in lieu thereof (*Effective October 1, 2014*):

1108 No single contract between any such corporation and its subscribers
1109 shall entitle more than one person to indemnity, except that a single
1110 contract may be issued to subscriber and [wife, to subscriber and
1111 husband] spouse, to subscriber and family by marriage or adoption or
1112 to subscriber and ward. Such contract shall be in writing and a copy
1113 thereof shall be furnished to each subscriber and shall contain the
1114 following provisions: [(a)] (1) A statement of the amount payable to the
1115 corporation by the subscriber and the manner in which such amount is
1116 payable; [(b)] (2) a statement of the amount of indemnity to be
1117 furnished and the period during which it will be furnished, and, if
1118 there are to be exceptions, a detailed statement of such exceptions; [(c)]
1119 (3) a statement of terms and conditions upon which the contract may
1120 be cancelled or otherwise terminated at the option of either party; [(d)]
1121 (4) a statement that the contract includes the endorsements thereon
1122 and attached papers, if any, and contains the entire contract; [(e)] (5) a
1123 statement that no statements by the subscriber in [his] the subscriber's
1124 application for a contract shall void the contract or be used in any legal
1125 proceeding thereunder, unless such application or an exact copy
1126 thereof is included in or attached to such contract; [(f)] (6) a statement
1127 of the period of grace [which] that will be allowed the subscriber for
1128 making any payment due under the contract, which period shall not be
1129 less than ten days; [(g)] and (7) a statement that no action at law based
1130 upon or arising out of the physician-patient relationship shall be
1131 maintained against a nonprofit medical service corporation.

1132 Sec. 48. Section 38a-284 of the general statutes is repealed and the
1133 following is substituted in lieu thereof (*Effective October 1, 2014*):

1134 Any minor of the age of fifteen years or more may, notwithstanding
1135 such minority, contract for life, health and accident insurance on [his]
1136 such minor's person for [his] such minor's benefit or for the benefit of
1137 [his] such minor's father, mother, [husband, wife] spouse, child,
1138 brother or sister and may exercise all such contractual rights with
1139 respect to any such contract of insurance as might be exercised by a
1140 person of full legal age and may at any time surrender [his] such
1141 minor's interest in any such insurance or give a valid discharge for any
1142 benefit accruing or money payable thereunder.

1143 Sec. 49. Subdivision (1) of section 38a-341 of the general statutes is
1144 repealed and the following is substituted in lieu thereof (*Effective*
1145 *October 1, 2014*):

1146 (1) "Policy" means an automobile liability insurance policy
1147 providing among other coverage bodily injury liability, delivered or
1148 issued for delivery in this state, insuring a single individual or
1149 [husband and wife] spouses resident of the same household, as named
1150 insured, and under which the insured vehicles therein designated are
1151 of the following types only: (A) A motor vehicle of the private
1152 passenger or station wagon type that is not used as a public or livery
1153 conveyance for passengers, nor rented to others, or (B) any other four-
1154 wheel motor vehicle with a load capacity of fifteen hundred pounds or
1155 less which is not used in the occupation, profession or business of the
1156 insured, provided said sections shall not apply (i) to any policy
1157 insuring more than four automobiles, or (ii) to any policy covering
1158 garage, automobile sales agency, repair shop, service station or public
1159 parking place operation hazards, or (iii) to any policy of insurance
1160 issued principally to cover personal or premises liability of an insured
1161 even though the insurance may also provide some incidental coverage
1162 for liability arising out of the ownership, maintenance or use of a
1163 motor vehicle on the premises of the insured or on the ways
1164 immediately adjoining the premises;

1165 Sec. 50. Section 38a-482 of the general statutes is repealed and the
1166 following is substituted in lieu thereof (*Effective October 1, 2014*):

1167 No individual health insurance policy shall be delivered or issued
1168 for delivery to any person in this state unless: (1) The entire money and
1169 other considerations therefor are expressed therein; (2) the time at
1170 which the insurance takes effect and terminates is expressed therein;
1171 (3) such policy purports to insure only one person, except that a policy
1172 may insure, originally or by subsequent amendment, upon the
1173 application of an adult member of a family, who shall be deemed the
1174 policyholder, any two or more eligible members of such family,
1175 including [husband, wife] spouse, dependent children or any children
1176 as specified in section 38a-497, and any other person dependent upon
1177 the policyholder; (4) the style, arrangement and overall appearance of
1178 the policy give no undue prominence to any portion of the text, and
1179 every printed portion of the text of the policy and of any endorsements
1180 or attached papers is plainly printed in light-faced type of a style in
1181 general use, the size of which shall be uniform and not less than ten-
1182 point with a lowercase unspaced alphabet length not less than one
1183 hundred and twenty-point, the word "text" as herein used including all
1184 printed matter except the name and address of the insurer, name or
1185 title of the policy, the brief description, if any, and captions and
1186 subcaptions; (5) the exceptions and reductions of indemnity are set
1187 forth in the policy and, except as provided in section 38a-483, as
1188 amended by this act, are printed, at the insurer's option, either
1189 included with the benefit provision to which they apply, or under an
1190 appropriate caption such as "EXCEPTIONS" or "EXCEPTIONS AND
1191 REDUCTIONS", provided, if an exception or reduction specifically
1192 applies only to a particular benefit of the policy, a statement of such
1193 exception or reduction shall be included with the benefit provision to
1194 which it applies; (6) each such form, including riders and
1195 endorsements, shall be identified by a form number in the lower left-
1196 hand corner of the first page thereof; and (7) such policy contains no
1197 provision purporting to make any portion of the charter, rules,
1198 constitution or bylaws of the insurer a part of the policy unless such

1199 portion is set forth in full in the policy, except in the case of the
1200 incorporation of, or reference to, a statement of rates or classification of
1201 risks, or short-rate table filed with the commissioner.

1202 Sec. 51. Section 38a-540 of the general statutes is repealed and the
1203 following is substituted in lieu thereof (*Effective October 1, 2014*):

1204 In any case in which [a husband and wife] spouses are employed by
1205 the same employer and, by reason of their employment, are both
1206 eligible for coverage under the terms of any health insurance policy
1207 issued under a group plan and by an insurance company, hospital [or]
1208 service corporation, medical service corporation, health care center or
1209 fraternal benefit society, such [husband and wife] spouses shall not be
1210 required as a condition of their employment or as a condition of
1211 coverage under such plan, to pay any premium [which] that does not
1212 result in greater coverage than would be provided if only one of them
1213 were eligible to participate in such group plan.

1214 Sec. 52. Section 38a-541 of the general statutes is repealed and the
1215 following is substituted in lieu thereof (*Effective October 1, 2014*):

1216 Every health insurance policy issued under a group insurance plan
1217 and by an insurance company, hospital [or] service corporation,
1218 medical service corporation, health care center or fraternal benefit
1219 society, delivered, issued for delivery or renewed in this state shall
1220 allow the spouse of any employee participating in such or any other
1221 group insurance plan offered by the same employer to be covered as
1222 an employee in addition to being covered as a dependent of such
1223 participating employee, except that benefits provided under such
1224 combined coverage of the employee as an employee and as a
1225 dependent shall not be in excess of one hundred per cent of the charge
1226 for the covered expense or service. The provisions of this section shall
1227 apply only where [a husband and wife] spouses are employed by the
1228 same employer and by reason of their employment are both
1229 participating in a group insurance plan. Nothing in this section shall
1230 alter or impair existing group health insurance policies or contracts

1231 [which] that have been established pursuant to an agreement [which]
 1232 that resulted from collective bargaining, and the provisions required
 1233 by this section shall become effective upon the next regular renewal
 1234 and completion of such collective bargaining agreement.

1235 Sec. 53. Subsection (e) of section 38a-72 of the general statutes is
 1236 repealed and the following is substituted in lieu thereof (*Effective*
 1237 *October 1, 2014*):

1238 (e) An insurer licensed in this state and issuing or reinsuring in this
 1239 state policies of financial guaranty insurance, as defined in subdivision
 1240 (1) of section 38a-92a shall [, notwithstanding the provisions of
 1241 subsection (a) of this section, be deemed to meet the combined capital
 1242 and surplus requirements for transacting financial guaranty insurance
 1243 business during the period between October 1, 1993, and July 1, 1995, if
 1244 it has combined capital and surplus of forty-five million dollars, which
 1245 includes paid-in capital of at least two million five hundred thousand
 1246 dollars. On or after July 1, 1995, every licensed financial guaranty
 1247 insurance corporation must] fully comply with the requirements of
 1248 subsection (a) of this section.

1249 Sec. 54. Section 38a-479bbb of the general statutes is repealed and
 1250 the following is substituted in lieu thereof (*Effective October 1, 2014*):

1251 (a) Except as provided in subsection (d) of this section, no person
 1252 shall act as a pharmacy benefits manager in this state without first
 1253 obtaining a certificate of registration from the commissioner.

1254 (b) Any person seeking a certificate of registration shall apply to the
 1255 commissioner, in writing, on a form provided by the commissioner.
 1256 The application form shall state (1) the name, address, official position
 1257 and professional qualifications of each individual responsible for the
 1258 conduct of the affairs of the pharmacy benefits manager, including all
 1259 members of the board of directors, board of trustees, executive
 1260 committee, other governing board or committee, the principal officers
 1261 in the case of a corporation, the partners or members in the case of a

1262 partnership or association and any other person who exercises control
1263 or influence over the affairs of the pharmacy benefits manager, and (2)
1264 the name and address of the applicant's agent for service of process in
1265 this state.

1266 (c) Each application for a certificate of registration shall be
1267 accompanied by (1) a nonrefundable fee of fifty dollars, and (2)
1268 evidence of a surety bond in an amount equivalent to ten per cent of
1269 one month of claims in this state over a twelve-month average, except
1270 that such bond shall not be less than twenty-five thousand dollars or
1271 more than one million dollars.

1272 (d) Any pharmacy benefits manager operating as a line of business
1273 or affiliate of a health insurer, health care center, hospital service
1274 corporation, medical service corporation or fraternal benefit society
1275 licensed in this state or any affiliate of such health insurer, health care
1276 center, hospital service corporation, medical service corporation or
1277 fraternal benefit society shall not be required to obtain a certificate of
1278 registration. Such health insurer, health care center, hospital service
1279 corporation, medical service corporation or fraternal benefit society
1280 shall notify the commissioner annually, in writing, on a form provided
1281 by the commissioner, that it is affiliated with or operating a business as
1282 a pharmacy benefits manager.

1283 [(e) Any person acting as a pharmacy benefits manager on January
1284 1, 2008, and required to obtain a certificate of registration under
1285 subsection (a) of this section, shall obtain a certificate of registration
1286 from the commissioner not later than April 1, 2008, in order to
1287 continue to do business in this state.]

1288 Sec. 55. Subsection (d) of section 38a-481 of the 2014 supplement to
1289 the general statutes is repealed and the following is substituted in lieu
1290 thereof (*Effective October 1, 2014*):

1291 (d) For the purposes of this section, [:(1) "Loss ratio"] "loss ratio"
1292 means the ratio of incurred claims to earned premiums by the number

1293 of years of policy duration for all combined durations. [; and]

1294 [(2) "Experience period" means the calendar year for which a loss
1295 ratio guarantee is calculated.]

1296 Sec. 56. Subsection (a) of section 38a-712 of the general statutes is
1297 repealed and the following is substituted in lieu thereof (*Effective*
1298 *October 1, 2014*):

1299 (a) Each insurance company authorized or permitted to do business
1300 in this state and each residual market mechanism established pursuant
1301 to section 38a-329 shall report to the Insurance Commissioner (1) any
1302 failure on the part of an insurance producer or [excess line] surplus
1303 lines broker to remit premiums for policies or endorsements issued to
1304 insureds directly or through the producer within thirty days following
1305 the due date of the account of the producer with the company, its state
1306 agent or managing general agent, or (2) whenever a check issued by
1307 such producer to the company or residual market mechanism is
1308 returned for insufficient funds or otherwise dishonored and remains
1309 outstanding fifteen days following receipt of such return.

1310 Sec. 57. Subsection (a) of section 38a-488a of the 2014 supplement to
1311 the general statutes is repealed and the following is substituted in lieu
1312 thereof (*Effective October 1, 2014*):

1313 (a) Each individual health insurance policy providing coverage of
1314 the type specified in subdivisions (1), (2), (4), (11) and (12) of section
1315 38a-469 delivered, issued for delivery, renewed, amended or continued
1316 in this state shall provide benefits for the diagnosis and treatment of
1317 mental or nervous conditions. For the purposes of this section, "mental
1318 or nervous conditions" means mental disorders, as defined in the most
1319 recent edition of the American Psychiatric Association's "Diagnostic
1320 and Statistical Manual of Mental Disorders". "Mental or nervous
1321 conditions" does not include (1) intellectual [disability] disabilities, (2)
1322 specific learning disorders, (3) motor [skills] disorders, (4)
1323 communication disorders, (5) caffeine-related disorders, (6) relational

1324 problems, and (7) [additional] other conditions that may be a focus of
1325 clinical attention, that are not otherwise defined as mental disorders in
1326 the most recent edition of the American Psychiatric Association's
1327 "Diagnostic and Statistical Manual of Mental Disorders", except that
1328 coverage for an insured under such policy who has been diagnosed
1329 with autism spectrum disorder prior to the release of the fifth edition
1330 of the American Psychiatric Association's "Diagnostic and Statistical
1331 Manual of Mental Disorders" shall be provided in accordance with
1332 subsection (b) of section 38a-488b.

1333 Sec. 58. Subsection (a) of section 38a-514 of the 2014 supplement to
1334 the general statutes is repealed and the following is substituted in lieu
1335 thereof (*Effective October 1, 2014*):

1336 (a) Except as provided in subsection (j) of this section, each group
1337 health insurance policy, providing coverage of the type specified in
1338 subdivisions (1), (2), (4), (11) and (12) of section 38a-469, delivered,
1339 issued for delivery, renewed, amended or continued in this state shall
1340 provide benefits for the diagnosis and treatment of mental or nervous
1341 conditions. For the purposes of this section, "mental or nervous
1342 conditions" means mental disorders, as defined in the most recent
1343 edition of the American Psychiatric Association's "Diagnostic and
1344 Statistical Manual of Mental Disorders". "Mental or nervous
1345 conditions" does not include (1) intellectual [disability] disabilities, (2)
1346 specific learning disorders, (3) motor [skills] disorders, (4)
1347 communication disorders, (5) caffeine-related disorders, (6) relational
1348 problems, and (7) [additional] other conditions that may be a focus of
1349 clinical attention, that are not otherwise defined as mental disorders in
1350 the most recent edition of the American Psychiatric Association's
1351 "Diagnostic and Statistical Manual of Mental Disorders", except that
1352 coverage for an insured under such policy who has been diagnosed
1353 with autism spectrum disorder prior to the release of the fifth edition
1354 of the American Psychiatric Association's "Diagnostic and Statistical
1355 Manual of Mental Disorders" shall be provided in accordance with
1356 subsection (i) of section 38a-514b.

1357 Sec. 59. Section 38a-702q of the general statutes is repealed and the
1358 following is substituted in lieu thereof (*Effective October 1, 2014*):

1359 Except as provided in section 38a-702g and section 38a-702n,
1360 sections 38a-702a to 38a-702r, inclusive, shall not apply to [excess and
1361 surplus lines agents and] surplus lines brokers licensed pursuant to
1362 [sections 38a-740 to 38a-745, inclusive, and section] section 38a-769 or
1363 38a-794, as amended by this act.

1364 Sec. 60. Subsections (a) and (b) of section 38a-743 of the general
1365 statutes are repealed and the following is substituted in lieu thereof
1366 (*Effective October 1, 2014*):

1367 (a) Every person, firm, association or corporation licensed pursuant
1368 to the provisions of [sections 38a-741 to 38a-744, inclusive, and] section
1369 38a-794, as amended by this act, shall pay to the commissioner on May
1370 first of each year a sum equal to four per cent of the gross premiums
1371 charged the insureds by the insurers during the period from January
1372 first to March thirty-first of that year, and on August first of each year
1373 a sum equal to four per cent of the gross premiums charged the
1374 insured by the insurers during the period from April first to June
1375 thirtieth of that year, on November first of each year a sum equal to
1376 four per cent of the gross premiums charged the insureds by the
1377 insurers during the period from July first to September thirtieth of that
1378 year and on February first of each year a sum equal to four per cent of
1379 the gross premiums charged the insureds by the insurers during the
1380 period from October first to December thirty-first of the preceding
1381 year, for insurance procured by such licensee pursuant to such license,
1382 less the amount of such premiums returned to such insureds, except
1383 that the premium tax shall not apply to any policy issued to the state of
1384 Connecticut or any agency of the state or to any policy issued to any
1385 town, or agency of such town or special taxing district when such
1386 town, agency or department thereof or special taxing district appears
1387 in the policy as the named insured and as such is responsible for the
1388 payment of premiums shown on such policy. Each licensee shall also
1389 file on May first, August first, November first, and February first a

1390 return, in the form described by the commissioner, showing such
1391 information as the commissioner deems necessary. The provisions of
1392 this subsection shall not apply to nonadmitted insurance, as defined in
1393 subsection (b) of this section, that is procured, continued or renewed
1394 on or after July 1, 2011.

1395 (b) For purposes of this subsection and subsections (c) to (g),
1396 inclusive, of this section:

1397 (1) "Home state" means home state, as defined in Section 527 of the
1398 Nonadmitted and Reinsurance Reform Act of 2010;

1399 (2) "Licensee" means a person, firm, association or corporation that
1400 is licensed pursuant to the provisions of [sections 38a-741 to 38a-744,
1401 inclusive, and] section 38a-769 or 38a-794, as amended by this act, and
1402 that is a surplus lines broker, as defined in Section 527 of the
1403 Nonadmitted and Reinsurance Reform Act of 2010;

1404 (3) "Nonadmitted and Reinsurance Reform Act of 2010" means
1405 Sections 511 to 542, inclusive, of the Dodd-Frank Wall Street Reform
1406 and Consumer Protection Act, P.L. 111-203, as amended from time to
1407 time;

1408 (4) "Nonadmitted insurance" means nonadmitted insurance, as
1409 defined in Section 527 of the Nonadmitted and Reinsurance Reform
1410 Act of 2010; and

1411 (5) "Nonadmitted insurer" means a nonadmitted insurer, as defined
1412 in Section 527 of the Nonadmitted and Reinsurance Reform Act of
1413 2010.

1414 Sec. 61. Section 38a-770 of the general statutes is repealed and the
1415 following is substituted in lieu thereof (*Effective October 1, 2014*):

1416 Whenever the Insurance Commissioner receives an application for
1417 an initial license or license renewal, pursuant to the requirements of
1418 sections 38a-702j, 38a-703 to 38a-718, inclusive, 38a-731 to 38a-735,

1419 inclusive, [38a-741 to 38a-744, inclusive,] 38a-769, 38a-771 to 38a-776,
1420 inclusive, as amended by this act, 38a-786, 38a-790, 38a-792 and 38a-
1421 794, as amended by this act, [which] that is not accompanied by the
1422 required fees, the commissioner shall return such application together
1423 with all accompanying fees, unless the commissioner, at the
1424 commissioner's discretion, chooses to invoice any such fees not
1425 submitted with the initial or renewal applications. Whenever the
1426 Insurance Commissioner receives an application accompanied by the
1427 required fees accepted by the commissioner, all examination and filing
1428 fees are deemed earned.

1429 Sec. 62. Section 38a-771 of the general statutes is repealed and the
1430 following is substituted in lieu thereof (*Effective October 1, 2014*):

1431 (a) Any person, firm, partnership, association or corporation
1432 holding a license issued pursuant to sections 38a-702j, 38a-703 to 38a-
1433 716, inclusive, 38a-731 to 38a-735, inclusive, [38a-741 to 38a-745,
1434 inclusive,] 38a-769 to 38a-776, inclusive, 38a-786, 38a-790, 38a-792 and
1435 38a-794, as amended by this act, or holding a license in the name of a
1436 trade name shall notify the Insurance Commissioner, in writing, not
1437 later than thirty days after any: (1) Change in business or residence
1438 address; (2) change in employer; (3) change in name; or (4) change in
1439 licensed members of a firm, partnership, association or officers of a
1440 corporation as stated in the application for license.

1441 (b) Any person, firm, partnership, association or corporation, or any
1442 person, firm, partnership, association or corporation acting as a trade
1443 name, holding a license issued pursuant to sections 38a-702j, 38a-703 to
1444 38a-718, inclusive, 38a-731 to 38a-735, inclusive, [38a-741 to 38a-745,
1445 inclusive,] 38a-769 to 38a-777, inclusive, as amended by this act, 38a-
1446 786, 38a-790, 38a-792 and 38a-794, as amended by this act, shall notify
1447 the Insurance Commissioner, in writing, not later than thirty days after
1448 any bankruptcy proceeding or the conviction of a felony, or any
1449 administrative action taken against such licensee in another state not
1450 later than thirty days after the entering of the administrative order in
1451 that state. Such notification shall be accompanied by all supporting

1452 documentation.

1453 (c) If, upon investigation, the commissioner determines that a
1454 producer has violated the provisions of subsection (b) of this section,
1455 the commissioner may, following a hearing as specified in section 38a-
1456 774, impose a fine upon and suspend or revoke the license of the
1457 producer.

1458 Sec. 63. Section 38a-772 of the general statutes is repealed and the
1459 following is substituted in lieu thereof (*Effective October 1, 2014*):

1460 Any person wilfully misrepresenting any fact required to be
1461 disclosed in any application or in any other form, paper or document
1462 required to be filed with the commissioner in connection with an
1463 application for any license issued by the commissioner pursuant to
1464 sections 38a-702j, 38a-703 to 38a-718, inclusive, 38a-731 to 38a-735,
1465 inclusive, [38a-741 to 38a-745, inclusive,] 38a-769 to 38a-776, inclusive,
1466 38a-786, 38a-790, 38a-792 and 38a-794, as amended by this act, shall be
1467 fined not more than four thousand dollars or imprisoned not more
1468 than six months, or both.

1469 Sec. 64. Section 38a-777 of the 2014 supplement to the general
1470 statutes is repealed and the following is substituted in lieu thereof
1471 (*Effective October 1, 2014*):

1472 Any surplus lines broker licensee under [sections 38a-741 to 38a-744,
1473 inclusive, or section] section 38a-769 or 38a-794, as amended by this
1474 act, who negotiates, continues or renews any contract for insurance [in]
1475 from any unauthorized [company] insurer, and who fails to make and
1476 file the statements required under section 38a-741, or who wilfully
1477 makes a false statement, or who negotiates, continues or renews any
1478 such contract of insurance after the revocation or during the
1479 suspension of the licensee's license, shall forfeit the license if not
1480 previously revoked and shall be fined not more than four thousand
1481 dollars or imprisoned not more than six months, or both.

1482 Sec. 65. Section 38a-15 of the general statutes is repealed and the

1483 following is substituted in lieu thereof (*Effective October 1, 2014*):

1484 (a) The commissioner shall, as often as the commissioner deems it
1485 expedient, undertake a market conduct examination of the affairs of
1486 any insurance company, health care center, third-party administrator,
1487 as defined in section 38a-720, or fraternal benefit society doing
1488 business in this state.

1489 (b) To carry out the examinations under this section, the
1490 commissioner may appoint, as market conduct examiners, one or more
1491 competent persons, [not officers] who shall not be officers of, or
1492 connected with or interested in, any insurance company, health care
1493 center, third-party administrator or fraternal benefit society, other than
1494 as a policyholder. In conducting the examination, the commissioner,
1495 the commissioner's actuary or any examiner authorized by the
1496 commissioner may examine, under oath, the officers and agents of
1497 such [an] insurance company, health care center, third-party
1498 administrator or fraternal benefit society and all persons deemed to
1499 have material information regarding the company's, center's,
1500 administrator's or society's property or business. Each such company,
1501 center, administrator or society, its officers and agents, shall produce
1502 the books and papers, in its or their possession, relating to its business
1503 or affairs, and any other person may be required to produce any book
1504 or paper [, in his] in such person's custody, deemed to be relevant to
1505 the examination, for the inspection of the commissioner, [his] the
1506 commissioner's actuary or examiners, when required. The officers and
1507 agents of the company, center, [or association] administrator or society
1508 shall facilitate the examination and aid the examiners in making the
1509 same so far as it is in their power to do so.

1510 (c) Each market conduct examiner shall make a full and true report
1511 of each market conduct examination made by such examiner, which
1512 shall comprise only facts appearing upon the books, papers, records or
1513 documents of the examined company, center, administrator or society
1514 or ascertained from the sworn testimony of its officers or agents or of
1515 other persons examined under oath concerning its affairs. The

1516 examiner's report shall be presumptive evidence of the facts therein
1517 stated in any action or proceeding in the name of the state against the
1518 company, center, administrator or society, its officers or agents. The
1519 commissioner shall grant a hearing to the company, center,
1520 administrator or society examined [,] before filing any such report [,]
1521 and may withhold any such report from public inspection for such
1522 time as the commissioner deems proper. The commissioner may, if
1523 [he] the commissioner deems it in the public interest, publish any such
1524 report, or the result of any such examination contained therein, in one
1525 or more newspapers of the state.

1526 (d) All the expense of any examination made under the authority of
1527 this section, other than examinations of domestic insurance companies
1528 and domestic health care centers, shall be paid by the company, center,
1529 administrator or society examined, and domestic insurance companies
1530 and other domestic entities examined outside the state shall pay the
1531 traveling and maintenance expenses of examiners.

1532 Sec. 66. Subdivision (1) of subsection (b) of section 38a-513f of the
1533 general statutes is repealed and the following is substituted in lieu
1534 thereof (*Effective October 1, 2014*):

1535 (1) Not later than October first, annually, provide to an employer
1536 sponsoring such policy, free of charge, the following information for
1537 the most recent thirty-six-month period or for the entire period of
1538 coverage, whichever is shorter, ending not more than sixty days prior
1539 to the date of the [request] provision of such information, in a format
1540 as set forth in subdivision (3) of this subsection:

1541 (A) Complete and accurate medical, dental and pharmaceutical
1542 utilization data, as applicable;

1543 (B) Claims paid by year, aggregated by practice type and by service
1544 category, each reported separately for in-network and out-of-network
1545 providers, and the total number of claims paid;

1546 (C) Premiums paid by such employer by month; and

1547 (D) The number of insureds by coverage tier, including, but not
 1548 limited to, single, two-person and family including dependents, by
 1549 month;

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2014</i>	38a-90a
Sec. 2	<i>October 1, 2014</i>	38a-90d(f)
Sec. 3	<i>October 1, 2014</i>	38a-216
Sec. 4	<i>October 1, 2014</i>	38a-601
Sec. 5	<i>October 1, 2014</i>	38a-603
Sec. 6	<i>October 1, 2014</i>	38a-976
Sec. 7	<i>October 1, 2014</i>	38a-794(a)
Sec. 8	<i>October 1, 2014</i>	38a-985(e)
Sec. 9	<i>October 1, 2014</i>	38a-988a(a)
Sec. 10	<i>October 1, 2014</i>	38a-999(a)
Sec. 11	<i>October 1, 2014</i>	38a-41(a)
Sec. 12	<i>October 1, 2014</i>	38a-90c(g) to (j)
Sec. 13	<i>October 1, 2014</i>	38a-91kk(b)
Sec. 14	<i>October 1, 2014</i>	38a-130(a)(3)
Sec. 15	<i>October 1, 2014</i>	38a-193(a)(3)
Sec. 16	<i>October 1, 2014</i>	38a-199(b)
Sec. 17	<i>October 1, 2014</i>	38a-214(b)
Sec. 18	<i>October 1, 2014</i>	38a-490a(b)
Sec. 19	<i>October 1, 2014</i>	38a-516a(b)
Sec. 20	<i>October 1, 2014</i>	38a-300(c)
Sec. 21	<i>October 1, 2014</i>	38a-416(a)
Sec. 22	<i>October 1, 2014</i>	38a-423
Sec. 23	<i>October 1, 2014</i>	38a-439(f)
Sec. 24	<i>October 1, 2014</i>	38a-465g(m)(1)
Sec. 25	<i>October 1, 2014</i>	38a-479rr(p)
Sec. 26	<i>October 1, 2014</i>	38a-483(a)(8)
Sec. 27	<i>October 1, 2014</i>	38a-484(a)
Sec. 28	<i>October 1, 2014</i>	38a-513(c)
Sec. 29	<i>October 1, 2014</i>	38a-528
Sec. 30	<i>October 1, 2014</i>	38a-551(q)
Sec. 31	<i>October 1, 2014</i>	38a-567(2)
Sec. 32	<i>October 1, 2014</i>	38a-688a(a)
Sec. 33	<i>October 1, 2014</i>	38a-760g(5)

Sec. 34	October 1, 2014	38a-909(d)
Sec. 35	October 1, 2014	38a-954(c)
Sec. 36	October 1, 2014	38a-957(a)
Sec. 37	October 1, 2014	38a-958(a)
Sec. 38	October 1, 2014	38a-1080(7)
Sec. 39	October 1, 2014	38a-1081(b)(1)(A)(viii) and (A)(ix)
Sec. 40	October 1, 2014	38a-14(k)(5)
Sec. 41	October 1, 2014	38a-91hh(i)(5)
Sec. 42	October 1, 2014	38a-465e(i)(3)
Sec. 43	October 1, 2014	38a-465j(f)(3)
Sec. 44	October 1, 2014	38a-465e(e)
Sec. 45	October 1, 2014	38a-465e(g)
Sec. 46	October 1, 2014	38a-201
Sec. 47	October 1, 2014	38a-217
Sec. 48	October 1, 2014	38a-284
Sec. 49	October 1, 2014	38a-341(1)
Sec. 50	October 1, 2014	38a-482
Sec. 51	October 1, 2014	38a-540
Sec. 52	October 1, 2014	38a-541
Sec. 53	October 1, 2014	38a-72(e)
Sec. 54	October 1, 2014	38a-479bbb
Sec. 55	October 1, 2014	38a-481(d)
Sec. 56	October 1, 2014	38a-712(a)
Sec. 57	October 1, 2014	38a-488a(a)
Sec. 58	October 1, 2014	38a-514(a)
Sec. 59	October 1, 2014	38a-702q
Sec. 60	October 1, 2014	38a-743(a) and (b)
Sec. 61	October 1, 2014	38a-770
Sec. 62	October 1, 2014	38a-771
Sec. 63	October 1, 2014	38a-772
Sec. 64	October 1, 2014	38a-777
Sec. 65	October 1, 2014	38a-15
Sec. 66	October 1, 2014	38a-513f(b)(1)

Statement of Legislative Commissioners:

In section 64, "surplus lines broker" was inserted before "licensee" for accuracy, and technical changes were made throughout the bill for accuracy and consistency with the drafting conventions of the general statutes.

INS *Joint Favorable Subst. -LCO*